

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 230977

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|--|-------------------------------|
| 1. Operator Name and Address STEWARD ENERGY II, LLC 2600 N Dallas Parkway Frisco, TX 75034 | | 2. OGRID Number 371682 |
| 4. Property Code 317406 | | 3. API Number 30-025-43910 |
| 5. Property Name PINKMAN FEE | | 6. Well No. 001H |

7. Surface Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| J | 23 | 14S | 38E | 3 | 2346 | S | 702 | E | Lea |

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| B | 14 | 14S | 38E | 1 | 330 | N | 75 | E | Lea |

9. Pool Information

| | |
|--------------------------|------|
| BRONCO;SAN ANDRES, SOUTH | 7500 |
|--------------------------|------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3753 |
| 16. Multiple N | 17. Proposed Depth 10765 | 18. Formation San Andres | 19. Contractor | 20. Spud Date 9/1/2017 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☐ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 9.625 | 36 | 2400 | 900 | 0 |
| Prod | 8.75 | 5.5 | 20 | 10765 | 2000 | 0 |

Casing/Cement Program: Additional Comments

| |
|--|
| Plan to set cement plug at approximately 4500', kick of and drill lateral to 10765'. |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Annular | 3000 | 1500 | Schafer |
| Double Ram | 3000 | 1500 | Schafer |

| | |
|--|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: | OIL CONSERVATION DIVISION |
| Printed Name: William McMann | Approved By: Paul Kautz |
| Title: | Title: Geologist |
| Email Address: bill.mcmann@stewardenergy.net | Approved Date: 7/28/2017 Expiration Date: 7/28/2019 |
| Date: 7/27/2017 Phone: 214-297-0516 | Conditions of Approval Attached |

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Energy, Minerals and Natural Resources

Oil Conservation Division

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Santa Fe, NM 87505

Form C-102

August 1, 2011

Permit 230977

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-025-43910 | 2. Pool Code 7500 | 3. Pool Name BRONCO;SAN ANDRES, SOUTH |
| 4. Property Code 317406 | 5. Property Name PINKMAN FEE | 6. Well No. 001H |
| 7. OGRID No. 371682 | 8. Operator Name STEWARD ENERGY II, LLC | 9. Elevation 3753 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|---------------|
| UL - Lot J | Section 23 | Township 14S | Range 38E | Lot Idn 3 | Feet From 2346 | N/S Line S | Feet From 702 | E/W Line E | County Lea |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|-------------------------------|--------------|------------------|---------------|-----------------|---------------|---------------|
| UL - Lot B | Section 14 | Township 14S | Range 38E | Lot Idn 1 | Feet From 330 | N/S Line N | Feet From 75 | E/W Line E | County Lea |
| 12. Dedicated Acres 273.11 | 13. Joint or Infill | | 14. Consolidation Code N/A | | | 15. Order No. | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|--|
| | <p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: William McMann</p> <p>Title:</p> <p>Date: 7/27/2017</p> |
| | <p align="center">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Stan ILoyd</p> <p>Date of Survey: 5/15/2017</p> <p>Certificate Number: 19642</p> |

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Form APD Comments

Permit 230977

PERMIT COMMENTS

| | | |
|--|--|-----------------------------|
| Operator Name and Address: STEWARD ENERGY II, LLC [371682] 2600 N Dallas Parkway Frisco, TX 75034 | | API Number: 30-025-43910 |
| | | Well: PINKMAN FEE #001H |

| | | |
|------------|---------|--------------|
| Created By | Comment | Comment Date |
|------------|---------|--------------|

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Form APD Conditions

Permit 230977

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

PERMIT CONDITIONS OF APPROVAL

| | | | |
|----------------------------|--|-------------|-------------------|
| Operator Name and Address: | STEWARD ENERGY II, LLC [371682] 2600 N Dallas Parkway Frisco, TX 75034 | API Number: | 30-025-43910 |
| | | Well: | PINKMAN FEE #001H |
| | | | |

| OCD Reviewer | Condition |
|--------------|---|
| pkautz | Pit construction and closure must satisfy all requirements of your approved plan. |
| pkautz | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well. |
| pkautz | Will require a directional survey with the C-104 |
| pkautz | Will require a administrative order for non-standard location prior to placing the well on production. |
| pkautz | SURFACE & PRODUCTION CASING - Cement must circulate to surface |
| pkautz | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement and contact Hobbs Office at 575-370-3186 |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |
| pkautz | Only Fresh Water and Air are Valid Drilling Fluids for Surface Casing |
| pkautz | 1)- The Operator is to notify NMOC by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 20 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104 |
| pkautz | It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. |
| pkautz | If an APD expires and if site construction has occurred, site remediation is required. |
| pkautz | Lost Circulation - Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186 |
| pkautz | Stage Tool - 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
| pkautz | Gas Capture Plan - Operator to Submit Gas Capture Plan form prior spud |